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I.

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The Implications of the Conflict STALIN-TITO.

1. After the PARIS conference of the four foreign ministers at which the lifting of the blockade of BERLIN was discussed, an observer remarked that the "cold war" had been transformed into a "hot peace". This remark may apply to the western front in Europe, but on its southeastern front the "cold war" continues and threatens to turn into a hot war. During recent months the Politbureau and the Cominform have left no stone unturned in order to force the recalcitrant satrap, TITO, into submission. Menacing notes alternated with the massing of Russian armored divisions along the Yugoslav frontier; the economic blockade was being tightened; the other satellites received orders to denounce their treaties with BELGRADE; the mock trial against the top Bolshevik leader in Hungary, RAKSI, is intended to indict TITO of having attempted to murder RAKSI and to overthrow the Communist Hungarian Government; the Kremlin did not even refrain from an open threat of war by declaring that it would resort to "more effective measures".
2. Thus the quarrel between MOSCOW and BELGRADE has been developing to a question of world political importance for different reasons: It threatens the insecure peace of the world; it endangers the Soviet bloc; and - last but not least - "TITOISM" is developing a new pattern of Communism, different from the orthodox MOSCOW brand and apt to be habit-forming for other countries.

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II.

Will there be War between MOSCOW and BELGRADE?

3. If the question is posed as to which schemes STALIN will use to bring about the downfall of his unruly vassal - and he is, for many reasons, under strong pressure to achieve this goal soon -, it is important to ascertain from which presuppositions he is likely to start.
4. They are twofold: He will avoid everything which might now cause a third war and he will attack Yugoslavia only if she is undermined by inner strife and unrest to such a degree that no serious resistance is to be expected. The first presupposition may be derived from the general world political situation, the temporary weakness of the Soviet Union and the receding wave of Communism in Europe; the second results from STALIN's character and tactics, as developed throughout decades.
5. Both presuppositions do not apply to Yugoslavia. An attack upon this country by regular Soviet forces would almost certainly result in starting another world war. If Russian armies could succeed in shortly crushing Yugoslav resistance, the establishment of a Soviet stronghold in the area of Trieste with its menace to Italy and the Mediterranean would heighten the tension to an intolerable degree. STALIN knows this and will refrain from an open attack as long as he is the dominating figure in the Politbureau.
6. The second presupposition applies to Yugoslavia just as little. There are no signs of growing unrest, discontent or despair about an intolerable economic situation. Tito has so far succeeded in strengthening his inner-political position and in securing sufficient economic help from the Western Powers to avoid a breakdown. It is on the economic field that the West can do most to back Tito, as a lesser evil, in his fight against MOSCOW. This would be done with a calculated risk as the future of Yugoslavia is bound to be insecure for a long time.
7. As an undisguised attack has to be ruled out as a means of subjugating TITO, STALIN has to use indirect approaches. The most expedient scheme would be to unloose the satellite armies. It is, however, unlikely that he will employ this weapon as it is a double-edged one. Apart from the fact that neither the Bulgarian nor the Hungarian Army is strong enough to beat Yugoslavia, neither of them - the fighting spirit of the Rumanians is nil - is reliable enough to be trusted with such a task. Their antagonism against the common foe, Yugoslavia, might rouse them to a determined fight, but it seems possible that still stronger nationalistic tendencies would be evoked by such a campaign which might prove dangerous to the Kremlin, who even now tries in vain to stifle such feeling in the satellite countries.

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8. The most efficient dynamite to be placed within the body of the Yugoslav state would therefore be the resurrection of the Macedonian question. In a country with such a precarious balance of the nationalities of which Yugoslavia is composed, the threat of losing so important a territory as Macedonia which would become part of a new state would seem to be a deadly peril for BELGRADE. But this bomb might also backfire. A new formed state of Macedonia would be composed just as well of Bulgarian and Greek territories. It might turn out to be a dangerous experiment to excite the passions of Bulgaria and bring confusion into the ranks of the Greek guerillas; Albania, already threatened by isolation and inner strife, would also enter the picture. TITO, an old hand in Balkan intrigues, is already busy placing counter-mines in Greece by his old follower GOTCHEV. It is therefore more probable that Macedonia will again develop into a hotbed of the most diversified Balkan intrigues than into a starting point of the annihilation of TITO.
9. Consequently, for the time being the Cominform will have to fall back on its old practices: The attempt to murder TITO; the instigation of unrest and revolt by every means of propaganda and intrigue; the infiltration of a limited number of foreign troops - Russians and Bulgarians - disguised as guerrillas or ordinary civilians. What more drastic steps will have to be taken later will depend on the result of the first subterranean offensive.

III.

National Communism in the Satellite Countries

10. It is not an overstatement to say that the struggle with TITO might develop into a vital problem for the future of the Soviet Union. By the defection of TITO the Soviet bloc as a whole is threatened with being shattered. Consequently, quite apart from the irreparable loss of prestige, the Soviet Union would lose its stronghold from which expansion to the Mediterranean and southeastern Europe is intended.
11. This political and strategic danger is equalled by an ideological one. Behind TITO's resistance are looming heresies which the Kremlin cannot tolerate without endangering its very existence. TITO and his adherents in other satellite countries are opposed to the collectivization of the peasant holdings and to being degraded to Russian provinces. While this latter issue is merely a question of political expediency which might be settled by more reasonable politicians in MOSCOW, the opposition against collectivization effects the very roots of the Soviet system. MOSCOW cannot tolerate the individual property of the peasants in the satellite countries while forcing upon its own recalcitrant Russian peasants the Kolkhos system.

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12. Thus the new phenomenon to be observed in the Balkan States as well as in Poland and Czechoslovakia, is the "National-Communism", i.e. men who are convinced Communists but who want to preserve their nationality. It is a danger which is undermining both the political power and ideological foundations of the Soviet state. This danger is enhanced by the fact that this trend is affecting the staunchest and most loyal supporters of the true Communist creed in the satellites. DIMITROV became a victim of this heresy and had to be liquidated in a Russian sanatorium, as Ruth FISCHER, the sister of Gerhard EISLER, once a leading figure among the German Communists, now a deserter into the bourgeois camp, testifies. KOSTOFF had to be imprisoned. RAJK, up to a few months ago the key man of Hungarian Communism, is to be tried along with some other high-ranking party men and probably executed in BUDAPEST.
13. The breakdown of the ideological edifice in the satellite countries cannot be demonstrated in a more pitiless manner than by the fact that the mock trial in BUDAPEST is based on the charge that one Cominform boss, TITO, has been trying to murder his colleague, RAKOSI, with aid of a third member of this body, RAJK. It must be remembered that TITO is not an outsider but one of the most thoroughly trusted henchmen of MOSCOW, trained through decades by the Cominform and initiated in its innermost secrets. If Poland and Czechoslovakia remain unaffected by this acute crisis, it is not a sign of a greater loyalty to the Cominform; it testifies merely that GOMULKA, BOTTWALD and their followers are more cautious than TITO's, KOSTOFF's and RAJK's.
14. The danger emanating from the national-communistic trend in the Balkans is all the more threatening for the Soviet Union as she has been developing, since the outbreak of the war, on the same nationalistic line. On one hand this imperialistic policy, which moves in the footsteps of Czarism, is preventing her from applying a reasonable attitude towards her satellites who might be kept loyal and satisfied by granting them some national autonomy.* On the other hand, the nationalism in MOSCOW is bound to display understanding for analogous developments in other countries. Both movements are turning from the old internationalist slogans of the orthodox communist creed as preached by the LENIN-STALIN slogan, calling up the proletariat of the world to unite.
15. These suppositions being correct, it is a logical conclusion that dissensions about the national-communist conception and the international-bolshevist idea must be rampant among the Politbureau and the innermost circle of top-ranking leaders in MOSCOW. This assumption is being confirmed by developments in the Russian capital in recent months. The heresies of Professor VARGA, and his survival are only explainable by the fact

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that an important faction in the Politbureau has been backing VIRGI and has brought about the downfall of his orthodox opponent VOENESSKY, chief of the Five-Year-Plan. This hypothesis is being confirmed by the well informed Ruth FLOCHER. She states that a powerful opposition group has been formed, composed of generals, leading industrialists and experts. It is against the uninhibited expansion policies of SHIDANOV and his followers. She suggests, as has been frequently rumored that SHIDANOV's death was not a natural one. Although SHIDANOV succeeded in removing the heroes of the war marshals SHUKOV, POLBUKHIN and KOKOSOVSKY, from the limelight of the Moscow scene and replaced them by men of the political commissar type, such as himself, MOLOTOV, VYSHINSKY and MALINIKOV, the adversaries are far from annihilated. They are still active in the background and are condemning the "madmen", as they call the reckless expansionists.

16. It is probably a safe supposition that the decision in the GRABIN-LITO struggle will give rise to grave repercussions in the regime in Moscow.

IV.

National Communism in the Far East

17. The importance to the Far East of National Communism surpasses its importance for Europe. Since the advance of MAO TSE-TUNG towards Southern China and Southeastern Asia, the clearest brains of the western hemisphere have been trying to find an answer to the question of whether the Chinese Communists will develop along the orthodox MOSCOW line or whether some Far-Eastern "Stoicism" will arise. The problem is too complex to be discussed in all its intricacies. It may suffice to give an answer based on the most important driving power in China, leaving out of consideration the minor issues.
18. Beyond doubt, the Chinese Communists will become estranged from MOSCOW and develop in the direction of National Communism, provided the Politbureau sticks to its actual policy in the Far East. The Chinese, being nationalists and economically minded, will never agree to the severance of Manchuria from the mother country and to the installation of two Soviet strongholds in the ports of Dairen and Port Arthur. Manchuria has influenced and almost shaped the destiny of China in the last centuries. No Chinese government can, in the long run, renounce those territories for patriotic reasons. Just as little is a recovery of China from its actual misery and chaos conceivable without the industrial potential and the natural wealth of Manchuria.
19. This statement would be true even if the Soviet Union had been satisfied with the strategic and economic control over this country and with the dismantling of its factories and mines. Evidently the Politbureau is starting for a drive to bring Manchuria just as thoroughly under the direct control of MOSCOW as is Outer Mongolia.

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After concluding a long-term trade agreement with a dummy "trade delegation of the Manchurian people's democratic offices" the MOSCOW press is publishing the news that on 21 August 1949 a "People's Congress of the Northeastern Provinces (of Manchuria)" has been inaugurated at MUKDEN to elect a "Governing People's Council", i.e. a Manchurian government. It has been learned that a "Northeastern Administrative Council" has been functioning for a considerable time in Manchuria and this Council has been organizing the election of deputies for the congress at MUKDEN. According to a broadcast from PEKING, this congress has elected a government which is to replace the Administrative Council. This would mean a definite severance of Manchuria from China and its incorporation into the Soviet bloc.

20. If one is to draw conclusions from the time when this bold step was made, the Politbureau deemed the moment propitious, after taking into consideration the utter weakness of the Nationalist Government, the waiting attitude of the United States towards China and the chaos reigning throughout the whole country. One does not need to be a prophet to predict that MOSCOW will run into trouble as soon as MAO TSE-TUNG has established his reign over China and gained a firmer hold over the country than he now commands.
21. National Communism in China, after it has developed and gained strength, is likely to eventually be antagonistic to MOSCOW and will/the spearhead by which the Soviet Union and the Chinese Communists will try to win over the South Eastern Asiatic countries: INDOCHINA, SIAM, MALAYA, INDONESIA, BURMA. In these parts National Communism will be the thin end of the wedge by which they will try to win influence and further their ultimate ends. These may be different as MOSCOW intends to use chaos and revolution in South-Eastern Asia as a means to force the Anglosaxon powers out of these rich parts of the world and exploit their wealth for its own economy, but MAO TSE-TUNG will aspire/a more direct control. Whatever their ultimate ends may be, the strongest ally of their subversive strategy is the extreme nationalism of these nations who are just emerging from a colonial status. They can expect efficient help from the numerous Chinese Communities throughout Southeastern Asia.
22. The question will also arise as to whether the South-eastern Asiatic nations will not pay for their freedom from the rule of the western hemisphere with the price of coming under the still more dangerous yoke of Chinese and Communist overlords. In parts they are conscious of this danger. India may turn out to be the most efficient ally of the white powers against a Chinese Communist pre-dominance. The greatest danger, however, for the next period, seems to be the growth of extreme nationalist tendencies, directed by the Russian and Chinese Politbureau on national-communist lines.

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V.

Germany and National Communism

23. Whereas the Politbureau is on the defensive against the "Piticism" of its European satellites and uses it as a spearhead for the advance in Southeastern Asia, it employs National Communism in Germany as an offensive weapon against the Western Powers. By organizing a National Democratic Party in the Soviet zone the Kremlin addresses an appeal to the former Nazis and to extreme, discontented elements in the hope of winning corresponding parts of the population in the Western zones. Though nationalistic slogans are being stressed in the outward propaganda, the leaders, having been thoroughly trained in Moscow, may be counted as reliable and efficient members of the Communist Party. It might seem illogical and incongruous that the Russians are fostering a movement in Germany which is proving so dangerous for them in Yugoslavia and elsewhere. They are probably speculating that the unloosening of nationalistic feelings is only intended to be a stepping stone to gain influence in Western Germany and that they will be able to ease the pressure as soon as this goal is reached.
24. If normal conditions prevail this scheme is destined to fail. The elections in Germany have testified that the German voters are opposed to radicalism; even the refugees refrained from voting for the Communists. The foundation of a Western German Federal State constitutes a further step in the direction of consolidation. The strengthening and economic wellbeing of this state will prove to be an efficient dam against radicalism in whatever guise it may be presented.

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